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Date: December 3, 1997
To: Deb Billow
cc: Maureen Heakin
Fr: Sue Burns AB
Re: Poultry Project - Proposed Product Strategy & Market Research Plan

Proposed Product Strategy

Explore a segmentation strategy for Butterball Turkey Breast by focusing on high volume skus (accounting for the majority of volume & OMI) in the following categories: (1) Oven Roasted/Browned, (2) Smoked, (3) Honey, and (4) Flavored or Rubbed.

- Rationalize low volume skus that are outside of these categories
- Increase distribution with relevant sales story for retailers
- Communicate positioning (via packaging etc.) to incite consumer "pull"

Incorporate Recent Research Learnings into Product Improvements & Positioning Approach

- Improve the appearance of Butterball Oven Roasted (color & shape)
- Improve the appearance of Healthy Choice Oven Roasted (color & shape)
- Develop a positioning strategy to capitalize on the existence of wet vs. dry preferences
 - Consider having a "wet" product (current BB OR) and a "dry" product offering (target Longmont)
 - Alternative is to have a "middle of the road" product to appeal to both segments (similar to Healthy Choice approach)

Research Recommendation

Research Objectives (2 pronged approach - product & positioning):

- ⇒ Evaluate consumer liking of the reformulated products (BB & HC) vs. the current & competitive set
- ⇒ Understand what consumer language best describes the sensory qualities of the wet & dry segments

Methodology/Cost:

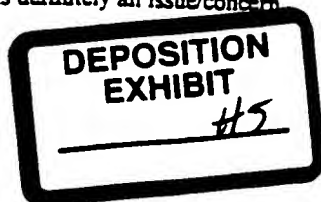
Product test determines purchase interest on a 5-point scale
Followed by concept test to address communication question
75 base sample, 30 BB users augment sample, 30 HC users augment sample
Cost: \$64M

Other Research Options:

Conduct focus groups only to address positioning objective at a cost of \$15M
However, at a minimum product testing should be conducted on the revised BB vs. control and the revised HC vs. control at a cost of \$35M for a total estimate of \$50M. Therefore, it seems appropriate to spend an incremental \$14M (\$64M - \$50M) for complete product testing which would provide sufficient data for a strong sales story.

Next Steps

I'd like to get us on the same page and review a proposed approach with Rich & John before next Thursday's cutting. Let's discuss on Thursday as we planned. Overall timing in executing research (as well as product changes) is definitely an issue/concern.



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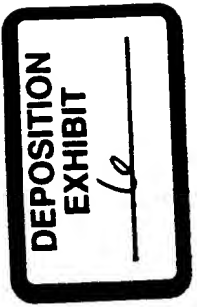
CRPF01611

PTO-002657

Butterball "Browned" Varieties

03/10/97

30326		27362		Notes:	
Weight:	Golden Brown	Browned	Carmel	New Browed	1) The "new browned" will have a more natural turkey breast shape. 2) The Golden Brown product is the most premium product we sell.
Pump:	9 lb	9 lb		7 - 8 lb	
Pieces:	20%	33%		28%	
Taste:	3 Piece No Net	3 Piece No Net		2 Piece Netted	
	• Minimal Injection • In general lower pump is dryer/better • Not low sodium • Most natural product we have	same sodium level			
Man:	Oil browned dipped (changes color)	Oil browned dipped (changes flavor)	• Dipped only • Changes color only	Oil browned	
Binder:	Oil flavor Hand stuff	Oil flavor Hand stuff		Hand stuff	
Sh If Life:	NONE	Starch (makes it hold more moisture: less turkey taste)		Carrageen	
	50 days	50 days			
Plant:	Jonesboro	Longmont			
Cost:	\$1.52	\$1.62			



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PTO-002658

ASE Inter-Office Memorandum

Date: July 14, 1999

To: Distribution

From: K. Mueller 

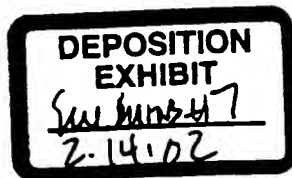
Subject: Final Report -- Healthy Choice Golden Oven Roasted Turkey Breast
Concept Home Use Test.

Copies: S. Burns
S. Gershenson
M. Heakin
D. O'Neill
M. Perrino
R. Scalise

The attached report summarizes the concept home-use test of Healthy Choice Golden Oven Roasted Turkey Breast.

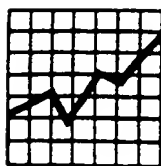
The product was found to be very acceptable among consumers. The new browned exterior was received favorably and yielded a strong overall appearance score.

A weaker post use purchase interest score resulted in a retention rate of 39%. However, this appears to be driven by price concerns, not product performance.



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LUHRS MARKETING RESEARCH CORPORATION

**HEALTHY CHOICE GOLDEN OVEN ROASTED
DELI TURKEY BREAST CONCEPT HOME-USE TEST
(HCD 026)**

Prepared for:
Armour Swift-Eckrich
Downers Grove, IL

Prepared by:
Luhrs Marketing Research Corporation
Chicago, IL

July 1999

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BACKGROUND AND OBJECTIVES

- The results of a previous test of a Healthy Choice Oven Roasted Turkey Breast indicated that consumer acceptance would be higher if the product had a darker exterior appearance, increased flavor, and a somewhat drier texture. Product modifications were implemented.
- Standard plant-produced "browned" oven roasted product was thus available for in-home use testing. Per Deli Marketing, no nutritionally positioned competitor exists to test the Healthy Choice product against.
- The objective of this study was to determine whether Golden Oven Roasted Turkey Breast fulfilled consumer expectations after use relative to purchase interest upon exposure to the concept. Reactions after use included:
 - purchase interest
 - overall liking
 - ratings on appearance, flavor, and texture attributes
 - value for the money

METHODOLOGY

- This study was conducted in four markets with high oven roasted CDIs and average-to-high Healthy Choice BDIs: Chicago, Cleveland, Philadelphia, and Pittsburgh. Respondents were screened in shopping centers and, if qualified, placed with product.
- Qualified for concept exposure were 242 primary grocery shoppers (approximately 30% male / 70% female) age 21 to 69. The concept featured a color photo of a Healthy Choice Golden Oven Roasted Turkey sandwich, a description of the product including nutrition facts and a price of \$5.99 per pound. It also included a photo of the whole wrapped service-deli turkey breast.
- Those 211 respondents (88%) expressing positive or neutral purchase interest upon exposure to the concept were qualified for product placement. A one-pound package of sliced Healthy Choice Golden Oven Roasted Turkey Breast was placed with each of 182 respondents who agreed to eat the product within the next two days and participate in a follow-up telephone interview. Callbacks were completed with 104 respondents who used the product and had expressed positive purchase intent toward the concept.
- Copies of the questionnaires used in this study are appended.

- The study was conducted May 20 through June 1, 1999.

- The product tested was purchased at retail.

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PTO-002663

SUMMARY

- The results of this study reveal encouraging reaction to the concept of Healthy Choice Golden Oven Roasted Turkey Breast. There was some hesitation at concept over the suggested price of \$5.99 per pound. After-use, the large majority report that the product was better than expected, and all hedonic and diagnostic scores are at very good levels.
- At the same time, positive purchase intent after use is a lukewarm 59%, with a post-use fulfillment score of 39%. The main reasons for neutral/negative purchase intent focus on the suggested retail price of \$5.99 -- e.g., too expensive and would buy only if on sale. After use, only half rate the product a very/fairly good value for the money.

DETAILED FINDINGS

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CRPF00299

PTO-002665

PRE-TRIAL CONCEPT APPEAL

Purchase Intent at Concept

- Upon exposure to the concept for Healthy Choice Golden Oven Roasted Turkey Breast at \$5.99 per pound, 71% definitely or probably would buy.
- Positive purchase intent is higher among men than women.

	<u>Total</u>	<u>Gender</u>	
		<u>Male</u>	<u>Female</u>
Base: Total	(242)	(59)	(183)
	%	%	%
Definitely/Probably Would Buy			
Buy	<u>71</u>	80	<u>68</u>
Definitely would buy	33	32	33
Probably would buy	38	47	35
Might or might not buy	17	15	17
Probably would not buy	8	3	10
Definitely would not buy	5	2	5
Probably/Definitely Would Not Buy	<u>13</u>	<u>5</u>	<u>15</u>

 = Significantly higher at the 90% confidence level.

Appearance of Whole Wrapped Turkey Breast

- Respondents who accepted placement were exposed to a whole wrapped Healthy Choice Golden Oven Roasted Turkey Breast and asked about its appearance.
- Overall, respondents give the appearance a strong rating of 7.7. At least three-fourths rate the outside color just right (with a slight skew toward too light) and the shape very/somewhat natural.

	<u>Total</u>
Base: Total	(182)
Overall Appearance	7.7
	%
Outside Color	
Too dark	8
Just right	76
Too light	16
Shape	
Very/somewhat natural	81
Somewhat/very processed	19

POST-TRIAL OVERALL REACTION

Hedonic Ratings After Use

- Healthy Choice Golden Oven Roasted Turkey Breast scores very well on all four hedonic ratings -- overall liking, appearance, flavor, and texture.

	<u>Total</u>	<u>After-Use</u> <u>Purchase Intent</u>	
		<u>Positive</u>	<u>Neutral/ Negative</u>
Base: Total	(104)	(61)	(43)
Overall Liking	7.9	8.2	7.5
Overall Appearance	7.8	7.9	7.6
Overall Flavor	7.8	8.2	7.4
Overall Texture	7.6	7.9	7.0

Highest possible score is 9.0

= Significantly higher at the 90% confidence level.

Product Likes After Use

- The most frequently volunteered like about the product is tastes like turkey/
strong turkey flavor, followed by good tasting and moist/juicy.

	<u>Total</u>
Base: Total	(104)
	%
Any Likes Comment	<u>96</u>
Taste	<u>75</u>
Tastes like turkey/strong turkey flavor	27
Good tasting	18
Fresh taste	13
Tastes natural/not artificial/processed	11
Oven roasted/homemade taste	10
Not salty	7
Strong flavor	5
Texture	<u>48</u>
Moist/juicy	18
Good texture	10
Tender	7
Thicker/more substance	6
Health	<u>18</u>
Low in fat/fat free	13
Appearance	<u>17</u>
Doesn't look processed/looks natural	5
Nothing liked	4

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Product Dislikes After Use

- Specific volunteered dislikes are at low levels, with the most frequent being price too high followed by sliced too thick, dislike skin/casing, bland/not enough flavor, and tastes processed.

	<u>Total</u>
Base: Total	(104)
	%
Any Dislikes Comment	<u>44</u>
Taste	<u>15</u>
Bland/not enough flavor	4
Tastes processed/doesn't taste like real meat	4
Edge/Skin/Casing	<u>10</u>
Don't like skin/casing	4
Texture	<u>9</u>
Sliced too thick	5
Price too high	7
Nothing disliked	56

Purchase Intent

- After use, 59% are positive toward purchasing the product at \$5.99 per pound. An additional 30% are neutral and 12% negative toward buying.
- These ratings yield a weak post-use fulfillment or retention score of 39%. The fulfillment score represents the proportion of respondents positive toward the concept who maintain or increase their purchase interest after trial.

	<u>Total</u>
Base: Total	(104)
	%
Definitely/Probably Would Buy	<u>59</u>
Definitely would buy	22
Probably would buy	37
Might or might not buy	30
Probably would not buy	6
Definitely would not buy	6
Probably/Definitely Would Not Buy	<u>12</u>

Reasons for Purchase Intent

- Good taste is the main positive reason for purchase intent. The most frequent neutral/negative reasons focus on price -- too expensive and depends if on sale.

	<u>Total</u>
Base: Total	(104)
	%
Neutral/Negative	<u>57</u>
Too expensive	31
Depends if on sale/only buy sale items	18
Don't buy/eat much lunch meat/turkey	6
Positive	<u>50</u>
Taste	<u>23</u>
Good tasting	22
Health	<u>10</u>
Low in fat/fat free	7
Reasonable price/good value	13
I/family likes turkey	11
It's good	9